

UPPER EXPLORERLAND REGIONAL
HOUSING AUTHORITY
POSTVILLE, IOWA

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

JUNE 30, 2008

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT DISCUSSION AND ANALYSIS	
FINANCIAL STATEMENTS	
	<u>Exhibit</u>
STATEMENT OF NET ASSETS	A 3
STATEMENT OF ACTIVITIES	B 4
PROPRIETARY FUND — STATEMENT OF NET ASSETS	C 5
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS	D 6
STATEMENT OF CASH FLOWS	E 7-8
NOTES TO FINANCIAL STATEMENTS	9-14
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual	15
Schedule of Expenditures of Federal Awards	1 16
Supplementary Data Required by HUD	2 17-19
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	20-21
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	22-23
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	24
AUDITOR'S COMMENTS ON AUDIT RESOLUTION MATTERS RELATING TO THE HUD PROGRAMS	25
AUDITOR	26
OFFICER'S CERTIFICATION	27

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Upper Explorerland
Regional Housing Authority
Postville, Iowa

Federal Audit Clearinghouse
Bureau of the Census
P.O. Box 5000
Jeffersonville, IN 47199-5000

We have audited the accompanying financial statements of Upper Explorerland Regional Housing Authority, as of June 30, 2008 and for the year then ended as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards, generally accepted in The United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Upper Explorerland Regional Housing Authority as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2009, on our consideration of Upper Explorerland Regional Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the

internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The management's discussion and analysis and the budgetary comparison schedule are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. The accompanying supplementary information shown on pages 17 to 19 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Upper Explorerland Regional Housing Authority. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The accompanying Financial Data Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.

RIDIHALGH, FUELLING, SNITKER, WEBER & CO., P.C.

March 25, 2009

Management's Discussion and Analysis (MD&A)
June 30, 2008

The Upper Explorerland Regional Housing Authority was created under the Code of Iowa, Chapter 28E to provide safe and affordable housing to lower-income families residing in Allamakee, Howard, Fayette, Clayton, and Winneshiek Counties in northeast Iowa.

The Housing Authority receives funding to assist families in the private rental market from the Department of Housing and Urban Development's Housing Choice Voucher (HCV) program. The program uses already existing rental property. This is the private-market approach of allowing a tenant and a landlord to reach a rental agreement. The Housing Authority then provides the necessary financial assistance needed to the eligible families.

The Housing Authority enters into an annual contributions contract (ACC) each year with the Department of Housing and Urban Development to serve up to 407 families in the designated counties.

The financial statements included in this annual report are those required for a major federal program. Among the statements included are:

- Statement of Net Assets identifying current resources and liabilities. Assets are identified as both restricted and non-restricted. Restricted net assets have constraints placed on them either externally by grantors, contributors, or laws and regulations of government.
- Statement of Revenues, Expenses, and Changes in Net Assets identifying operating revenues and expenses. Those revenues that are restricted are identified as such in the report.
- Statement of Cash Flows identifying cash from operating and investment activities.

Financial Comparison

Below is a summarized statement that compares revenue and expenses of the current period to the period ending June 30, 2007:

REVENUES:	<u>06/30/2008</u>	<u>06/30/2007</u>	<u>Net Change</u>
HUD	\$1,163,356	\$1,123,796	\$ 39,560
Interest	\$ 12,228	\$ 11,114	\$ 1,114
Interest Income-Restricted	\$ 13,322	\$ 16,403	(\$ 3,081)
Fraud Recovery	\$ 463	\$ 391	\$ 72
Other	\$ 1,105	\$ 2,367	(\$ 1,262)
Total Revenue	\$1,190,474	\$1,154,071	\$ 36,403
EXPENDITURES:			
Admin Salaries	\$ 159,190	\$ 145,582	\$ 13,608
Employee Benefits	\$ 38,353	\$ 34,640	\$ 3,713
Other Operating-Admin	\$ 22,010	\$ 20,728	\$ 1,282

Management's Discussion and Analysis (MD&A)
June 30, 2008

EXPENDITURES (continued):

Auditing Fees	\$ 1,400	\$ 1,400	--
Utilities	\$ 3,896	\$ 3,607	\$ 289
Maint & Operation	\$ 3,543	\$ 5,763	(\$ 2,220)
Insurance	\$ 4,962	\$ 6,311	(\$ 1,349)
Other Expense	\$ 660	\$ 280	\$ 320
Hsg Assistance Payments	\$1,120,242	\$ 960,625	\$ 159,617
Total Expenditures	\$1,354,256	\$1,178,936	\$ 175,320
Change in Net Assets	(\$ 163,782)	(\$ 24,865)	(\$ 138,917)

Housing Assistance Payments (HAP) increased during the fiscal year ending June 30, 2009 due to an adjustment of the Fair Market Rent (FMR) values used to calculate rental assistance payments and the Housing Authority's increased utility allowance. Interest income is less due to a down-turn in the country's economic status.

Below is a summarized statement that compares the consolidated balance sheets of the current period to the period ending June 30, 2007:

	<u>06/30/2008</u>	<u>06/30/2007</u>	<u>Net Change</u>
ASSETS:			
Current Assets	\$480,074	\$651,723	(\$171,649)
LIABILITIES:			
Current Liabilities	\$ 20,567	\$ 17,752	\$ 2,815
Non-Current Liabilities	\$ 7,109	\$ 17,790	\$ 10,681
UNRESTRICTED NET ASSETS	\$452,398	\$616,181	(\$163,783)
Total Liabilities & Net Assets	\$480,074	\$651,723	(\$171,649)

Assets were reduced considerably over the fiscal year ending June 30, 2008. The amount of renewal funding provided to the Housing Authority was pro-rated and the Housing Authority was required to use Net Restricted Assets (NRA) to offset Housing Assistance Payments (HAP) made during the reporting period.

Non-current liabilities reflect a reduction due to: 1) the successful completion of participants under the Family Self-Sufficiency (FSS) program; 2) or a forfeit of the payment in escrow.

This MD&A provides a general overview of the Housing Authority's finances. Questions or additional information may be obtained by contacting the UERPC Executive Director, P.O. Box 219, Postville, IA 52162-0219.

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY
 POSTVILLE, IOWA
STATEMENT OF NET ASSETS
 June 30, 2008

	Total
ASSETS	
Cash-Unrestricted	\$ 12,213
Cash-Restricted	281,471
Cash FSS Escrow-Restricted	7,109
Accounts Receivable-HUD	16,711
Account Reveivable-Other Government	2,570
Investments-Unrestricted	160,000
Capital Assets:	
Depreciable (Net of Depreciation)	-
TOTAL ASSETS	<u><u>\$ 480,074</u></u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ 17,997
Other Current Liabilities	7,109
Non-current Liability-Other	2,570
TOTAL LIABILITIES	<u><u>27,676</u></u>
NET ASSETS	
Unrestricted Net Assets	150,483
Restricted Net Assets	301,915
NET ASSETS	<u><u>452,398</u></u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 480,074</u></u>

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2008

		Program Receipts		Net (Expense)
		Revenues/ Charges for Services	Restricted Interest	Revenue and Changes in Net Assets Governmental Activities
Functions / Programs:	Expenses			
Business Type Activities:				
Administrative Salaries	\$ 159,190	30,080	9,062	(120,048)
Auditing Fees	1,400	265	80	(1,055)
Employee Benefits	38,353	7,247	2,183	(28,923)
Contributions-Administrative				
Other Operating-Administrative	22,010	4,159	1,253	(16,598)
Utilities	3,895	736	222	(2,937)
Ordinary Maintenance & Operations	3,543	669	202	(2,672)
Insurance	4,962	938	282	(3,742)
Housing Assistance Payments	1,120,242	1,120,242	-	-
Other	662	125	38	(499)
Total governmental activities	\$ 1,354,257	1,164,461	13,322	(176,474)
General Revenues (Uses):				
Unrestricted interest				12,228
Other Income				463
Change in Net Assets				(163,783)
Net assets beginning of year				616,181
Net assets end of year				\$ 452,398

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY
 POSTVILLE, IOWA
PROPRIETARY FUND-STATEMENT OF NET ASSETS
 June 30, 2008

ASSETS

Current Assets:

Cash-Unrestricted	\$ 12,213
Cash-Restricted	281,471
Cash-FSS-Restricted	7,109
Accounts Receivable-HUD	16,711
Account Reveivable-Other Government	2,570
Fraud Recovery	-
Investments-Unrestricted	160,000
Total Current Assets	<u>480,074</u>

Noncurrent Assets

Capital Assets:

Depreciable (Net of Depreciation)	-
Total Noncurrent Assets	<u>-</u>

TOTAL ASSETS

\$ 480,074

LIABILITIES

Current Liabilities:

Accounts Payable	\$ 17,997
Accounts Payable-HUD	-
Other Current Liabilities	7,109
Total Current Liabilities	<u>25,106</u>

Non-current Liabilities

Non-current Liability-Other	2,570
Total Non-current Liability	<u>2,570</u>

TOTAL LIABILITIES

27,676

NET ASSETS

Unrestricted Net Assets	150,483
Restricted Net Assets	<u>301,915</u>

NET ASSETS

452,398

TOTAL LIABILITIES AND NET ASSETS

\$ 480,074

EXHIBIT D

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
Year Ended June 30, 2008

REVENUES	Total
HUD	\$ 1,163,356
Interest	12,228
Interest Income-Restricted	13,322
Fraud Recovery	463
Other	1,105
	<hr/>
TOTAL REVENUES	1,190,474
	<hr/>
EXPENDITURES	
Administrative Salaries	159,190
Auditing Fees	1,400
Employee Benefit Contributions-	38,353
Administrative	
Other Operating-Administrative	22,010
Utilities	3,895
Ordinary Maintenance & Operations	3,543
Insurance	4,962
Housing Assistance Payments	1,120,242
Property Betterments/Additions	433
Other Expense	229
	<hr/>
TOTAL EXPENDITURES	1,354,257
	<hr/>
CHANGE IN NET ASSETS	(163,783)
FUND BALANCE, beginning	616,181
	<hr/>
FUND BALANCE, ending	\$ 452,398
	<hr/> <hr/>

SEE NOTES TO FINANCIAL STATEMENTS

EXHIBIT E

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY

POSTVILLE, IOWA

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2008

CASH FLOW FROM OPERATING ACTIVITIES

Cash Reveived from:

HUD

\$ 1,173,374

Other

17,826

Cash Paid to/for:

Housing Assistance Payments

(1,120,242)

Administrative Expense

(232,589)

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES(161,631)**CASH FLOW FROM INVESTING ACTIVITIES**

Investment Reclassified to Cash Equivalent

160,000

NET CASH PROVIDED BY INVESTING ACTIVITIES160,000**INCREASE IN CASH**

(1,631)

CASH, BEGINNING OF YEAR462,424**CASH, END OF YEAR**\$ 460,793

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY
POSTVILLE, IOWA
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2008

Reconciliation of Net Income to Cash Provided By (Used In) Operations:

Net Loss	<u>\$ (163,783)</u>
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	
(Increase) Decrease in Accounts Receivable	(10,018)
(Increase) Decrease in Accounts Payable	(1,426)
(Increase) Decrease in Other Current Liabilities	(5,928)
(Increase) Decrease in Non-Current Liability	<u>15,220</u>
Total Adjustments	<u>(2,152)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ (161,631)</u></u>

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY
POSTVILLE, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Upper Explorerland Regional Housing Authority (hereinafter "Authority") was organized pursuant to Chapter 28E of the Code of Iowa, to perform the duties outlined in Chapter 403A. The Authority is an agent for landlords who rent housing facilities to low income individuals with assistance from the federal government. The Authority operates in Allamakee, Clayton, Fayette, Howard and Winneshiek counties of Iowa.

Measurement Focus and Basis of Accounting

The proprietary fund statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized when earned. Expenses are recorded when the related fund liability is incurred.

Cash and Cash Equivalents

The Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Investment in certificate of deposit matured in September 2008 and was considered a cash equivalent at June 30, 2008.

The Authority's deposits in banks at June 30, 2008 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

Equipment

The Authority's equipment is depreciated using the straight line method.

Basis of Presentation

The accounts of the Authority are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY
POSTVILLE, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The Authority has the following fund:

Proprietary Fund - Proprietary funds are used to account for operations, (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the government body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Enterprise Funds - Used to account for the Authority's federal and state housing assistance programs.

Authority-wide Statements-On the Statement of Net Assets, net assets are reported in two categories:

Restricted Net Assets result when constraints placed on net asset use are either externally imposed or imposed by law, grant or contract.

Unrestricted Net Assets consist of net assets that do not meet the definition of the preceding category. Unrestricted Net Assets may have constraints on resources imposed by management or the board of directors, which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2)

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY
POSTVILLE, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program receipts are reported instead as general receipts.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CONCENTRATION OF REVENUES

The Authority receives a substantial amount of its total operating revenues from the federal government. This revenue is subject to federal government budget appropriations and potential funding reductions. A significant reduction in the level of this support would have a significant effect on the Authority's programs and activities.

Investments Authorized by the Authority's Investment Policy

The Authority is required to invest its funds in accordance with Iowa Statutes and HUD guidelines. The Authority does not have an investment policy with any specific provisions intended to limit their exposure to investment rate risk, credit risk and concentration of credit risk.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. At year end, the authority held a certificates of deposit in the amount of \$160,000 that matured in September 2008.

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY
POSTVILLE, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentration of Credit Risk

The Authority does not have an investment policy regarding concentration of credit risk.

NOTE 2 - NATURE OF OPERATIONS

The Authority operates under Section 8 of the U.S. Housing Act of 1937. Section 8 Voucher Program assistance is a rental assistance program to help very low income families afford decent, safe and sanitary rental housing. The Authority, known as a public housing agency or PHA, accepts applications for rental assistance, selects the applicant for admission and issues the selected family a rental voucher confirming the families eligibility for assistance. The family must find a suitable dwelling unit. The Authority pays the landlord a portion of the rent, known as a housing assistance payment or HAP, on behalf of the family. The Authority enters into an annual contributions contract, or ACC, with HUD, which provides funds to administer the program.

NOTE 3 - RECEIVABLES

All accounts receivable are shown at gross amounts. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

NOTE 4 - EQUIPMENT ACCOUNTING

The Authority's equipment is depreciated using the straight line method. The Authority is required to keep a list of equipment purchased with HUD dollars. The Authority currently has \$33,396 in equipment which is fully depreciated.

NOTE 5 - PENSION AND RETIREMENT BENEFITS

The Authority contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost sharing multiple employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits that are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY
POSTVILLE, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE 5 - PENSION AND RETIREMENT BENEFITS (continued)

be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.90% of their annual salary and the Authority is required to contribute 6.05% of annual covered payroll to the plan. Contribution requirements are established by State statute. The Authority's contribution to IPERS for the year ended June 30, 2008 of \$8,477 is equal to the required contribution for the year.

NOTE 6 - RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors; and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance.

NOTE 7 - UNRESTRICTED & RESTRICTED ASSETS

The Authority had \$150,483 in unrestricted net assets at June 30, 2008. Per HUD regulations, the unrestricted net assets may be expended for other housing purposes consistent with the PHA's authority under State and local law.

Unrestricted Assets consist of the following:

Unrestricted Net Assets - Administrative

Beginning Balance \$ 163,769

Administrative Expenses in Excess of HUD

Administrative Payments for Year Ended

June 30, 2008 (13,286)

Total Unrestricted Assets - Administration 150,483

The Authority had \$301,915 in restricted net assets at June 30, 2008. Per HUD regulations, the restricted net assets may be expended for the housing assistance payment program only.

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY
POSTVILLE, IOWA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 7 — UNRESTRICTED AND RESTRICTED ASSETS (continued)

Restricted Net Assets — HAP

Beginning Balance	\$452,412
HAP in Excess of HUD payments	(<u>150,497</u>)
Total Restricted Assets — HAP	<u>301,915</u>
TOTAL NET ASSETS	<u>\$452,398</u>

NOTE 8 — LITIGATION

The Authority was involved in no litigation as of June 30, 2008.

NOTE 9 — SUBSEQUENT EVENTS

We noted no significant subsequent events.

REQUIRED FINANCIAL INFORMATION

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE-BUDGET AND ACTUAL
For the Year Ended June 30, 2008

			Variance Favorable (Unfavorable)
REVENUES	Actual	Budget	
Commission			
HUD	\$ 1,163,356	1,326,527	(163,171)
Interest-Unrestricted	12,228	11,114	1,114
Interest-Restricted	13,322	16,403	(3,081)
Fraud Recovery	463	391	72
Other	1,105	2,367	(1,262)
TOTAL REVENUE	1,190,474	1,356,802	(166,328)
EXPENSES			
Administrative Salaries	159,190	153,132	(6,058)
Auditing Fees	1,400	1,500	100
Employee Benefits	38,353	38,344	(9)
Contributions-Administrative			
Other Operating-Administration	22,010	27,894	5,884
Utilities	3,895	4,000	105
Ordinary Maintenance & Operations	3,543	1,728	(1,815)
Insurance	4,962	3,300	(1,662)
Housing Assistance Payments	1,120,242	1,163,356	43,114
Property Betterments/Additions	433	-	(433)
Other	229	-	(229)
TOTAL EXPENSES	1,354,257	1,393,254	38,997
Deficiency of Revenues over Expenditures	(163,783)	(36,452)	(127,331)
Fund Balance, Beginning of Year	616,181	222,385	393,796
Fund Balance, End of Year	\$ 452,398	185,933	266,465

SUPPLEMENTARY INFORMATION

SCHEDULE 1

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY
POSTVILLE, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

Grantor/ Program Direct:
 Department of Housing
 and Urban Development:
 Section 8 Housing
 Choice Vouchers

CFDA Number 14.871

Grant Number IA130V00067
 thru
 IA130V00073
 and
 IA130AF00016
 thru
 IA130AF0027

Federal Expenditures \$ 1,163,356

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY
POSTVILLE, IOWA

SUPPLEMENTARY DATA REQUIRED BY HUD
FOR THE YEAR ENDED JUNE 30, 2008

Accounts and Notes Receivable (Other than Tenant)

Fraud Recovery - None

Delinquent Tenant Accounts
Receivable

Not Applicable

Tax and Insurance
Escrow Deposits

Not Applicable

Reserve for Replacement and
Residual Receipt Account

Not Applicable

Accounts Payable (Other than
Trade Creditors)

None

Accrued Taxes

None

Compensation of Officers

None.

Tenant Security Deposits

Not Applicable

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY
POSTVILLE, IOWA

SUPPLEMENTARY DATA REQUIRED BY HUD (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2008

Funds in Financial Institutions

Funds held by FreedomBank, Postville, Iowa - June 30, 2008.

#111 Operating Reserve Account	\$124,123
#113 Operating Checking	1,055
#113 Operating Hi-Fi/Money Market	168,506
#115 FSS Escrow-Money Market	7,109
Certificate of Deposit-matures 9/2008	<u>160,000</u>
TOTAL CASH	<u>\$460,793</u>

Changes in Property and Equipment

	Balance June 30, <u>2007</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2008</u>
Fixed Assets	\$33,396	-	-	\$33,396
Accumulated Depreciation	<u>33,396</u>	<u>-</u>	<u>-</u>	<u>33,396</u>
Net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY
POSTVILLE, IOWA

SUPPLEMENTARY DATA REQUIRED BY HUD (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2008

Computation of Surplus Cash, Distributions and Residual Receipts

HUD Form-93486 is not applicable to the Authority.

HUD Form - 92410 Statement of Profit and Loss

HUD Form-92410 is not applicable to the Authority.

Identity of Interest Companies

None.

Loans and Notes Payable

None.

Changes in Partnership Interest

N/A

Comments on Balance Sheet Items

None.

Distributions Paid to the Partners

N/A

Unauthorized Distributions Paid to Partners

N/A

Donations, Subsidy Payments and Founder's Fees

N/A

James R. Ridihalgh, C.P.A.
Gene L. Fuelling, C.P.A.
Donald A. Snitker, C.P.A.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL (COMBINED
REPORT APPLICABLE TO INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS AND INTERNAL CONTROL
OVER COMPLIANCE FOR HUD-ASSISTED PROGRAMS)

To the Board of Directors
Upper Explorerland Regional Housing Authority
Postville, IA

We have audited the financial statements of Upper Explorerland Regional Housing Authority as of and for the year ended June 30, 2008, and have issued our report thereon dated March 25, 2009. We have also audited the Authority's compliance with requirements applicable to major HUD-assisted programs and have issued our report thereon dated March 25, 2009.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the comptroller General of the United States, and the *Consolidated Audit Guide for Audits of HUD Programs* (the "Guide"), issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General. Those standards and the Guide require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and about whether the Authority complied with laws and regulations, noncompliance with which would be material to a major HUD-assisted program.

The management of Upper Explorerland Regional Housing Authority is responsible for establishing and maintaining effective internal control. In planning and performing our audit of the financial statements and compliance, we considered the Authority's internal control over financial reporting and its internal control over compliance with requirements that could have a direct and material effect on a major HUD-assisted program in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and on compliance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal

control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting and internal control over compliance.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect on a timely basis misstatements or noncompliance with applicable requirements of a HUD-assisted program. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles or to administer a HUD-assisted program such that there is more than a remote likelihood that (a) a misstatement of the entity's financial statements, or (b) noncompliance with applicable requirements of a HUD-assisted program, that is more than inconsequential will not be prevented or detected.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that (a) a material misstatement of the financial statements, or (b) material noncompliance with applicable requirements of a HUD-assisted program, will not be prevented or detected.

Our consideration of internal control over financial reporting and internal control over compliance was for the limited purpose described above and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the board and the management of Upper Explorerland Regional Housing Authority others within the entity, and the Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.

Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.

RIDIHALGH, FUELLING, SNITKER, WEBER & CO., P.C.
Oelwein, Iowa 50662

March 25, 2009

James R. Ridihalgh, C.P.A.
Gene L. Fuelling, C.P.A.
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REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Compliance

We have audited the compliance of Upper Explorerland Regional Housing Authority with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2008. Upper Explorerland Regional Housing Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Upper Explorerland Regional Housing Authority's management. Our responsibility is to express an opinion on Upper Explorerland Regional Housing Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Upper Explorerland Regional Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Upper Explorerland Regional Housing Authority's compliance with those requirements.

In our opinion, Upper Explorerland Regional Housing Authority complied, in all material respects, with the requirements

referred to above that are applicable to its major federal program for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Upper Explorerland Regional Housing Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Upper Explorerland Regional Housing Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, board of directors, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.

Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.

March 25, 2009

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY
POSTVILLE, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2008

Part I: Summary of the Independent Auditor's Results:

- (a) An unqualified opinion was issued on the financial statement.
- (b) No reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No reportable conditions in internal control over the major program was disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was CFDA Number 14.871 – Housing Choice Vouchers.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Upper Explorerland Regional Housing Authority did qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

No instances of non-compliance were noted.

Part III: Findings and Questioned Cost for Federal Awards:

No findings or questioned costs for federal awards were noted.

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY
POSTVILLE, IOWA

AUDITOR'S COMMENTS ON AUDIT RESOLUTION MATTERS
RELATING TO THE HUD PROGRAMS
YEAR ENDED JUNE 30, 2008

There are no prior findings on which the Authority should take corrective action.

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY
POSTVILLE, IOWA

Audit was performed by:

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OFFICER'S CERTIFICATE

We hereby certify that we have examined the accompanying financial statements and supplementary data of Upper Explorerland Regional Housing Authority and, to the best of our knowledge and belief, they are complete and accurate.
